

PUBLIC DISCLOSURE

MAY 1, 2000

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

HOLBROOK CO-OPERATIVE BANK

95 FRANKLIN STREET
HOLBROOK, MASSACHUSETTS 02343

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Holbrook Co-operative Bank** prepared by the Massachusetts Division of Banks, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated “Satisfactory ”

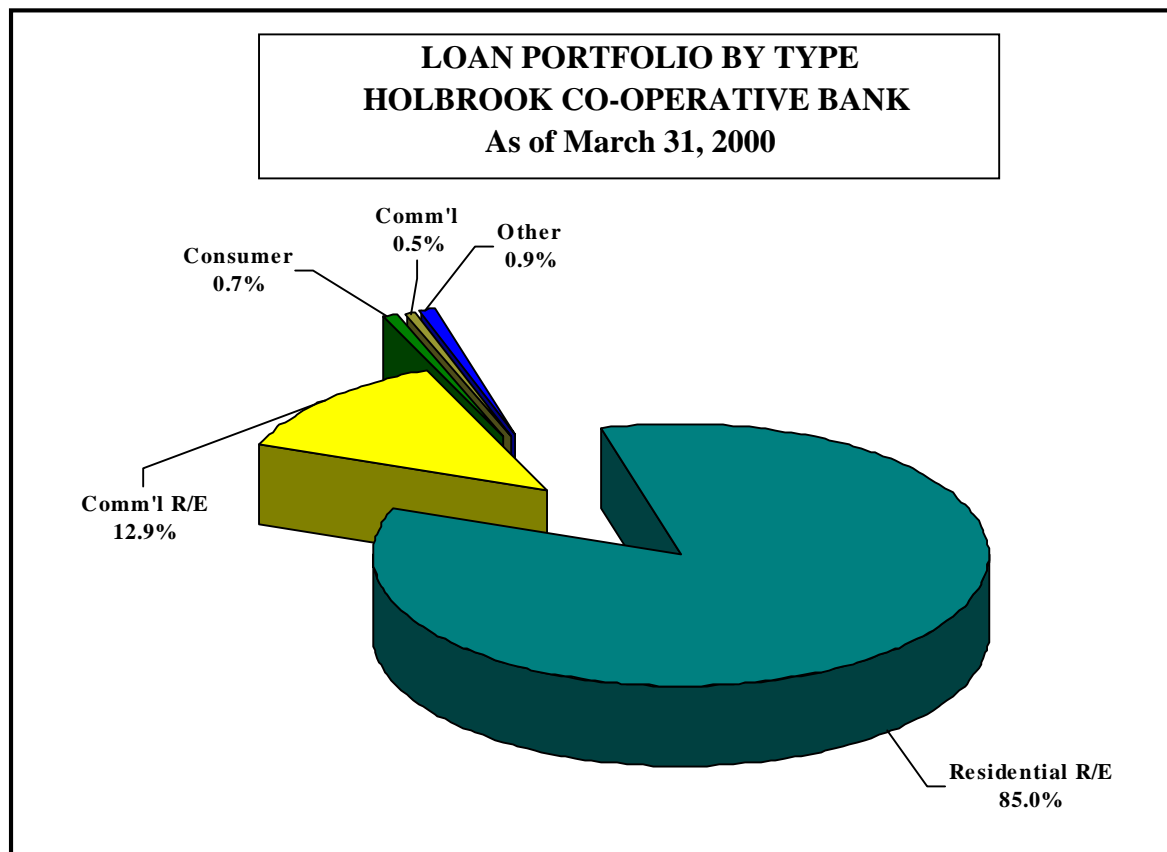
This rating is based on the bank's performance under the performance criteria for small institutions. The bank's average net loan-to-deposit ratio during the period reviewed was 66.8% and was determined to be reasonable. Holbrook Co-operative Bank's residential loan distribution within the assessment area represented 51.8% of all originations. This level of lending meets the standards for satisfactory performance. The bank's lending to individuals of different income levels was found to be good with 18.5% of the loans granted to low and moderate-income individuals. The geographic distribution of loans was considered adequate, as there are no low or moderate-income census tracts. Finally, Fair Lending performance was considered satisfactory.

PERFORMANCE CONTEXT

Description of Institution

Holbrook Co-operative Bank was founded in 1888, as a mutually owned, state chartered institution with one office headquartered in Holbrook, Massachusetts. As of March 31, 2000, the bank's assets totaled \$62,470, 000. The bank is a portfolio lender and does not purchase or sell loans. The bank's loan portfolio represents 65.5% of total assets. The bank is primarily a real estate lender with 85.0% of its loan portfolio representing residential real estate loans.

Refer to the following graph for additional information.



Source: March 31, 2000 Call Report

The bank maintains an Automated Teller Machine (ATM) at its main office in Holbrook, which is connected to the Money Access Service (MAC) network with additional access to NYCE and Cirrus.

Banking hours are considered convenient and accessible to the bank's customers.

There appears to be no significant financial or legal impediments which would limit the bank's ability to help meet the various credit needs of its assessment area.

Holbrook Co-operative Bank operates in a competitive market. Local competitors include but are not limited to the following institutions: Abington Savings Bank, Avon Co-operative Bank, Braintree Co-operative Bank, and Randolph Savings, as well as a number of national banks and mortgage companies.

The examiner used PCI Services, Inc., CRA Wiz, to generate aggregate HMDA reports when comparing Holbrook Co-operative Bank to other HMDA lenders throughout its assessment area.

The bank was last examined for compliance with the Community Reinvestment Act by the FDIC on March 3, 1999. That examination resulted in a Satisfactory rating.

Description of Assessment Area

Holbrook Co-operative Bank's assessment area is located within two Metropolitan Statistical Areas (MSA). The towns of Holbrook, Braintree, Hingham, Randolph, Rockland and Weymouth are located in the Boston MSA. The town of Abington is located in the Brockton MSA.

The bank's assessment area is comprised of 34 census tracts, 30 of which are considered middle-income and 4 of which are upper-income. There are no census tracts designated as low or moderate-income. The median-family income for the Boston MSA was \$60,000 in 1998; \$62,700 in 1999; and \$65,500 in 2000. The median-family income for the Brockton MSA was \$53,900 in 1998; \$55,700 in 1999; and \$57,700 in 2000.

According to 1990 U.S. Census data provided by CRA WIZ the assessment area has a population of 178,794. The assessment area consists of 67,266 housing units, of which 46,546 or 69.2% are owner-occupied units. The majority of the housing stock was built after 1956 and is comprised primarily of one to- four family dwellings, which constitute 78.5% of the housing stock. In addition, 5.6% of the total number of households in the assessment area live below the poverty level.

The Town of Holbrook is a bedroom community of 11,041 people, located south of Boston. Originally part of Randolph and Braintree, Holbrook has 7.32 square miles within its boundaries.

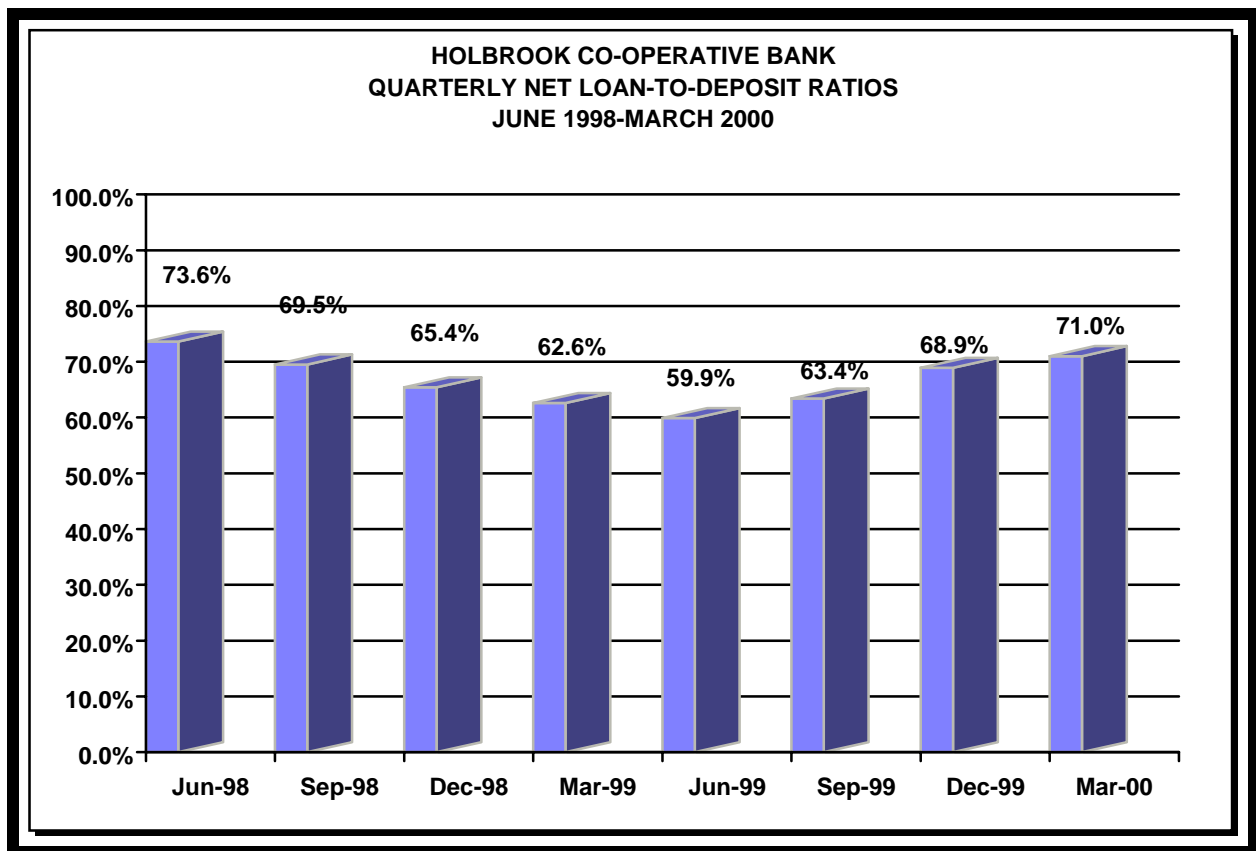
PERFORMANCE CRITERIA

1. LOAN TO DEPOSIT ANALYSIS

An analysis of Holbrook Co-operative Bank's net loan-to-deposit ratio was performed during the examination. The calculation incorporated eight quarters of the bank's net loan to total deposit figures utilizing the FDIC quarterly call reports. This review included the quarters ending June 30, 1998 through March 30, 2000.

The institution's average net loan-to-deposit ratio during this period was determined to be 66.8%. The average net loan-to-deposit ratio is reasonable given the bank's asset size, sole location and the competitive environment in which it operates.

The following graph illustrates the loan to deposit trends.

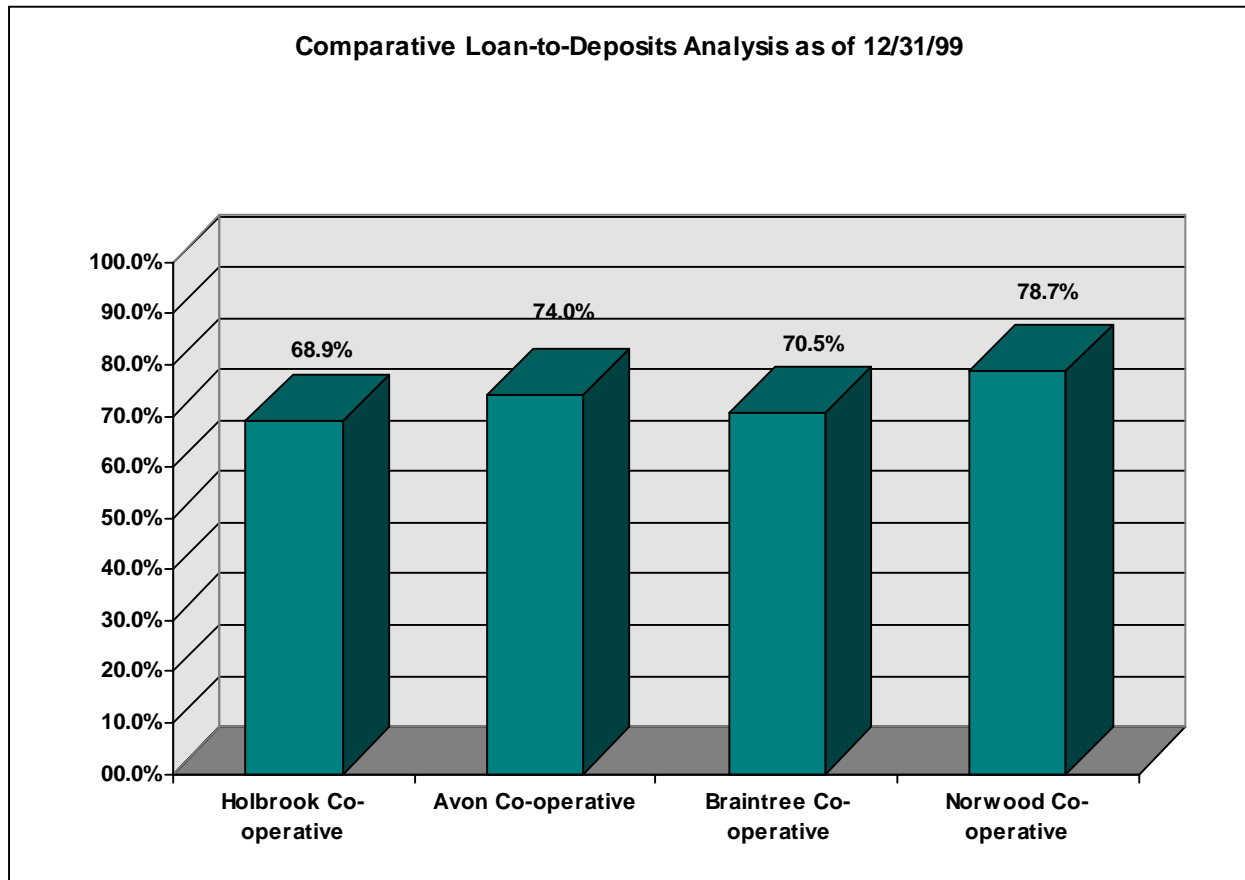


Source: Quarterly FDIC Call Report Schedule RC-Balance Sheet

The bank's quarterly net loan-to-deposit ratios for the current examination period represented a declining trend beginning with June 1998, and ending with June 1999. The loan-to-deposit ratios fluctuated from a high of 73.6% to a low of 59.9%. However, the ratio is on an upward trend. The bank's net loan-to-deposit ratio stood at 71.0% as of

March 2000. The declining trend was due in part to the substantial number of loan payoffs, as rates became competitive during these periods.

The bank's loan-to-deposit ratio was compared to that of similarly situated institutions within the bank's assessment area. This comparison was based on net loan to deposit ratios as of December 31, 1999. Refer to the following graph.



As of December 31, 1999, Holbrook Co-operative Bank's loan-to-deposit ratio as compared to its peers is reasonable.

Based on Holbrook Co-operative Bank's capacity to lend, the capacity of other similarly-situated institutions to lend in the assessment area, demographic and economic factors present in the assessment area, and the lending opportunities available in the assessment area, Holbrook Co-operative Bank's loan-to-deposit ratio meets the standards for satisfactory performance.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA.

Data regarding the bank's residential mortgage lending activity for 1999 and year-to-date May 1, 2000 were reviewed to determine the proportion of loans within the

assessment area by number of originations and dollar amount. Mortgage lending data was obtained from the bank's Loan Application Register (LAR) filed under the provisions of the Home Mortgage Disclosure Act (HMDA).

As indicated in the table below, the bank originated 101 HMDA reportable loans during the current examination period. A total of 54 loans or 53.5% were originated within the bank's assessment area.

**Residential Lending Activity Inside and Outside the Assessment Area
by Number**

LOCATION	1999		Y-T-D 2000		TOTAL	
	#	%	#	%	#	%
Holbrook	19	28.3	10	29.5	29	28.7
Braintree	4	6.0	2	5.9	6	5.9
Weymouth	6	8.9	0	0.0	6	5.9
Abington	3	4.5	3	8.8	6	5.9
Randolph	2	3.0	1	2.9	3	3.0
Hingham	2	3.0	1	2.9	3	3.0
Rockland	0	0.0	1	2.9	1	1.0
Inside Assessment Area	36	53.7	18	52.9	54	53.5
Outside Assessment Area	31	46.3	16	47.1	47	46.5
Total	67	100%	34	100%	101	100%

Source: HMDA/LAR Data 1999 and year-to-date May 1, 2000

By dollar amount, \$11,730,000 of the HMDA-reportable loans was originated during the review period. Of this amount, \$6,076,000 or 51.8% were within the assessment. Refer to the table below.

**Residential Lending Activity Inside and Outside the Assessment Area
By Dollar Amount**

LOCATION	1999		Y-T-D 2000		TOTAL	
	\$(000)	%	\$(000)	%	\$(000)	%
Holbrook	1,262	15.5	832	23.0	2,094	17.9
Abington	491	6.0	554	15.3	1,045	8.9
Weymouth	918	11.3	0	0	918	7.8
Hingham	585	7.2	292	8.1	877	7.5
Braintree	585	7.2	123	3.4	708	6.0
Randolph	235	3.0	106	2.9	341	2.9
Rockland	0	0.0	93	2.6	93	0.8
Inside Assessment Area	4,076	50.2	2,000	55.3	6,076	51.8
Outside Assessment Area	4,036	49.8	1,618	44.7	5,654	48.2
Total	8,112	100%	3,618	100%	11,730	100%

Source: HMDA/LAR 1999 and year-to-date May 1, 2000

As the above tables reveal, Holbrook Co-operative Bank's lending within the assessment area is reasonable and thereby is considered to meet the standards for satisfactory performance.

3. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

An analysis of residential mortgage loans extended within the bank's assessment area among borrowers of various income levels was conducted. Originations were categorized by the ratio of the applicants' reported incomes to the 1999 and 2000 estimated median family incomes of the Boston and Brockton Metropolitan Statistical Areas (MSA). The median family incomes for the Boston MSA were \$62,700 for 1999 and \$65,500 for 2000. The median family incomes for the Brockton MSA were \$55,700 for 1999 and \$57,500 for 2000. Income figures were based on estimated 1999 and 2000 data from the Department of Housing and Urban Development (HUD).

Low-income is defined by the US Census Bureau as income below 50% of the median family income level for the MSA. Moderate-income is defined as income between 50% to 79% of the median family income level for the MSA. Middle-income is defined as income between 80% and 119% of the median family income level for the MSA. Upper-income is defined as income greater than 120% of the median family income level for the MSA.

According to this analysis, 23 loans representing 42.6% of the originations were granted to upper-income individuals. Low-income borrowers accounted for 2 or 3.7% of the total originations while moderate-income borrowers accounted for 8 or 14.8% of the total

originations. By dollar amount, 62.6% of the HMDA-reportable loans were granted to upper-income individuals; 8.3% to moderate-income individuals; and 0.9% to low-income individuals. Refer to the following tables.

Loan Originations by Income of Borrower by Number

% OF MEDIAN MSA INCOME	1999		Y-T-D 2000		TOTAL	
	#	%	#	%	#	%
<50%	1	2.8	1	5.6	2	3.7
50% - 79%	8	22.2	0	0.0	8	14.8
80% - 119%	14	38.9	6	33.3	20	37.0
120% >	13	36.1	10	55.5	23	42.6
NA	0	0.0	1	5.6	1	1.9
TOTAL	36	100%	18	100%	54	100%

Source: HMDA/LAR 1999 and year-to-date May 1, 2000

Loan Originations by Income of Borrower by Dollar Amount

% OF MEDIAN MSA INCOME	1999		Y-T-D 2000		TOTAL	
	\$(000)	%	\$(000)	%	\$(000)	%
<50%	5	0.1	52	2.6	57	0.9
50% - 79%	502	12.3	0	0.0	502	8.3
80% - 119%	1,320	32.4	380	19.0	1,700	28.0
120% >	2,249	55.2	1,558	77.9	3,807	62.6
NA	0	0.0	10	0.5	10	0.2
TOTAL	4,076	100%	2,000	100%	6,076	100%

Source: HMDA/LAR 1999 and year-to-date May 1, 2000

Holbrook Co-operative Bank's performance was compared to that of other financial institutions that originated loans within the assessment area during 1998. This comparison indicated that Holbrook Co-operative Bank's performance was substantially above the aggregate in the low and moderate-income category. All other HMDA reporting lenders within the bank's assessment area granted 21.8% of their loans to low and moderate-income individuals while the bank granted 44.5%. This percentage is also significant, as there are no low or moderate-income census tracts within the bank's assessment area.

Holbrook Co-Operative Bank Compared to All Other HMDA-Reporting Lenders

Family Income Level	Number of Loans				Dollars in Loans (000's)			
	Holbrook Co-operative Bank		All Other Reporters		Holbrook Co-operative Bank		All Other Reporters	
Low	5	18.6	565	4.5	233	9.1	42,921	2.4
Moderate	7	25.9	2,126	17.3	534	20.7	193,916	10.2
Middle	7	25.9	3,434	27.9	444	17.2	387,630	20.4
Upper	8	29.6	4,137	33.6	1,363	53.0	645,355	34.0
N/A	0	0	2,055	16.7	0	0	626,649	33.0
Total	27	100%	12,317	100%	2,574	100%	1,896,471	100%

Source: 1998 Aggregate HMDA Data compiled by PCI Services, Inc. CRA Wiz

The distribution of loans to borrowers of different income levels is good, and is an indication of the bank's willingness to lend to low and moderate-income individuals. Given this effort, and the competitive environment in which the bank operates, the bank is considered to exceed the standards for satisfactory performance under this e borrower criterion.

4. GEOGRAPHIC DISTRIBUTION OF LOANS

The bank's HMDA-reportable loans were further analyzed to determine their distribution among census tracts of different income levels. The bank's assessment area contains 34 census tracts of which 30 or 88.2% are designated as middle-income and 4 or 11.8% are designated as upper-income. There are no low or moderate-income census tracts.

According to this review, 52 or 96.3% of total loans were located in census tracts designated as middle-income and 2 loans or 3.7% were located in census tracts designated as upper-income.

Distribution of HMDA Loans Within Assessment Area by Income Category of Census Tract

% OF MEDIAN MSA INCOME	1999		Y-T-D 2000		TOTAL	
	#	%	#	%	#	%
MIDDLE	35	97.2	17	94.4	52	96.3

UPPER	1	2.8	1	5.6	2	3.7
TOTAL	36	100%	18	100%	54	100%

Source: HMDA/LAR 1999 and year-to-date May 1, 2000

Based on the above information, the bank meets the standards for satisfactory performance in generating loans from all segments of its assessment area.

5. REVIEW OF COMPLAINTS/FAIR LENDING

Holbrook Co-operative Bank has not received any complaints related to its CRA performance since the previous examination. However, the bank has procedures in place should any consumer complaints related to CRA be received.

FAIR LENDING POLICIES AND PRACTICES

Holbrook Co-operative Bank has adopted a Fair Lending policy that adheres to the guidelines established by the Division of Banks Regulatory Bulletin 2.3-101. The policy was last reviewed and approved by the bank's Board of Directors in June 1999. The following details the bank's fair lending performance.

STAFF TRAINING

The President/CEO and the Compliance Officer keep abreast of the various Fair Lending regulations and laws. The bank has a continuing educational program where employees involved in residential real estate lending attend training seminars on a regular basis. Seminars include "HMDA", "CRA/Fair Lending" and "Consumer Protection/Commercial Lending".

STAFF COMPOSITION AND COMPENSATION

The bank's staff consists of 15 full-time and 4 part-time employees. The bank has one minority employee who is fluent in Spanish. Loan personnel are paid on a salary basis, thereby fostering the origination of loans of all dollar amounts.

OUTREACH

Directors and staff of the bank are active participants in community organizations within the bank's assessment area. The officers of the bank have established working relationships with town officials and local organizations including the Town of Holbrook Community Development Office, the South Shore Chamber of Commerce and the Holbrook Business Council.

CREDIT PRODUCTS AND UNDERWRITING STANDARDS

Credit products are reviewed on an ongoing basis as deemed necessary by the President and Senior Vice President.

The bank offers a first time homebuyer loan with ratios of 28/36% for loans with loan to values (LTVs) of 95.0% and 33/38% for loans with LTVs of 90.0%. The bank does not require points. The application fees and closing costs are competitive. During the current examination period, 23 first time homebuyer loans totaling \$3,622,000 were originated.

The bank also has a Home Neighborhood Loan Program. This program offers home improvement loans of up to \$10,000 for up to 10 years at a 7.99% fixed rate. During the current examination period, 13 Home Neighborhood loans totaling \$98,000 were originated.

MARKETING

The bank utilizes various advertising and promotional activities to inform all segments of the assessment area about its products and services. Management advertises on a regular basis in The Holbrook Sun, a leading local newspaper, The Patriot Ledger and The Brockton Enterprise. The bank also advertises in the South Shore Chamber of Commerce Waves monthly publication.

CREDIT EDUCATION

Since the last examination, the bank has not conducted nor participated with any organizations in offering credit education to loan applicants. However, bank management frequently offers assistance by providing advice to customers who are new to the home buying process.

COUNSELING

Holbrook Co-operative Bank counsels loan applicants who require such services and where appropriate refers the applicants to credit counseling agencies.

SECOND REVIEW PRACTICES

All potential credit denials must undergo a review by a second Loan Officer prior to denial. The President is the Second Review Officer of the bank and performs the second review of rejected loan applications to ensure that credit is being granted in accordance with bank policies and applicable laws. Should the Review Officer concur with the findings, the Review Officer must sign off on the loan worksheet. However, if the Review officer believes that the credit should be approved, the Review Officer must document the reasons for the approval, at which point, the loan request should be reviewed by both Officers and a final

determination made. In the rare event of a conflict, the request is to be presented to the Security Committee for final action.

INTERNAL CONTROL PROCEDURES

The CRA Officer performs a quarterly review of the HMDA data and withdrawn loan applications. Each application file is internally compared to the LAR for accuracy and to ensure that applicants are treated fairly by the loan officer. The CRA Officer presents a formal HMDA analysis to the Board of Directors on an annual basis.

MINORITY APPLICATION FLOW

According to 1990 census data minorities constitute 4.9% of the assessment area's population. The bank's lending activity was reviewed to determine the minority application flow. During the period January 1, 1999 through May 1, 2000 the bank received 145 residential loan applications of which 3 or 2.0% were from minority applicants. Of the 3 applications received from minority borrowers 2 were originated, representing 2.0% of the bank's total originations during this period.

The bank's minority application flow was compared to the racial composition of the assessment area and to the application flow of all other HMDA-reporting lenders that originated loans within the assessment area. This type of comparison helps to derive reasonable expectations for an institution's minority application flow.

According to 1998 aggregate data (the most recent year for which data was available) the bank received 5.9% of its residential loan applications from minorities compared to the aggregate with 6.8%. Although it would appear that there is not a significant difference between the bank's performance and the aggregate, it should be noted that in 1998 the bank only received 34 residential loan applications. With such a small number only one loan could have a significant impact on the ratio. The bank's lending activity has increased significantly in 1999 and year to date 2000 compared to 1998. However, the minority application flow has remained low. Based on the above analysis, the bank is receiving minority loan applications at a rate that is somewhat lower than the racial composition of its assessment area as well as lower than that of other HMDA-reporting lenders within the assessment area.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

HOLBROOK CO-OPERATIVE BANK

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **MAY 1, 2000**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20 ____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each local community;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that community.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee, which does not exceed the cost of reproduction, and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.